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CHINA.

HONGKONG.

By Consul General George E. Anderson, March 4.

The volume of trade into and out of Hongkong during 1915 was far below normal in nearly all lines of import and export. Trade was carried on with difficulty and at unusual expense owing to war conditions. As a result of the appreciation in the value of stocks on hand and increasing prices, however, the retail trade was more or less profitable. On the other hand, the higher range of prices in nearly all lines of goods of foreign origin restricted imports. The Chinese buyer, as a rule, is loath to purchase on a rising market, and consequently stocks were depleted.

Not only has the war in Europe led to the restriction of credits and tight money generally, but the unsettled conditions in China have discouraged investment and the extension of the usual credit facilities in trade.

The increased freight rates affected the export trade considerably. This was especially the case with the great mass of raw materials that China has been sending of late years to both Europe and America, but in which Germany has had much the greater dealings.

Financial Conditions—Industries.

The finances of the Far East have been unusually sound, considering conditions, and Hongkong, as the financial center of this part of the world, has reflected the general situation. The banks having their headquarters here have prospered and have advanced their interests along many lines.

The industries of the port have been unusually prosperous on the whole. The demand for tonnage has not only given the shipyards of Hongkong all they can do in the construction of new vessels, but has led to a demand for repair work that has taxed their capacity. The sugar refineries have had satisfactory business, although the high price of sugar has restricted the volume of business. The Chinese preserve and canning factories have done fairly well. There has been depression in lines of trade depending upon tourists for support. The large native-owned cigarette factory and the hosiery mills have developed in a satisfactory way, the cigarette factory in particular being very active.

Increased Trade with United States.

The outstanding feature of the trade of Hongkong during 1915 was the increase in both imports from and exports to the United States. In a general way the war in Europe forced this increase,

although at the same time there were notable obstacles to trade in all lines which influenced trade most unfavorably. The total exports from Hongkong to the United States increased from a value of $4,474,933 in 1914 to $5,590,442 in 1915 and compare favorably with a total value of $5,203,980 in 1913. The value of the exports to the Philippines increased from $3,524,261 in 1913 and $3,226,908 in 1914 to $4,784,292 in 1915. The value of the exports to Hawaii decreased from $369,896 in 1913 to $337,722 in 1914 and again to a value of $306,043 in 1915.

The Cotton Piece-Goods Trade.

The piece-goods trade in South China during the year was largely one of clearing up old stocks. The large stocks of goods on hand at the opening of the year, due partly to the accumulation of unsold stocks for several years and partly to throwing the German firms of the port into liquidation, hung over the market and for a time it looked as though it would be impossible to clear them without serious loss. In spite of depressed trade conditions generally, which are always first reflected in the piece-goods and cotton-yarn trades, however, the stocks of cloth in the hands of the retailers were gradually depleted while prices at home advanced in such a way as to indicate to Chinese buyers that present stocks could not be replaced at current rates. Old stocks were gradually taken off at prices below those obtaining in home markets but at rates that permitted of a satisfactory disposition of goods on hand.

One of the most notable features of the year in the piece-goods trade was the determination of Hongkong middlemen to place the piece-goods business on what amounts substantially to a cash basis. The piece-goods trade of this part of the Far East for years has been subject to abuses in the way of credits and long terms and loose methods of credit.

The Cotton Yarn Market.

The cotton-yarn trade, on the whole, was much more satisfactory than had been anticipated. The increasing hold of Japanese yarns on the market at the expense of Indian yarn and, to some extent, of British yarn was the chief feature of the year. Japanese yarn also to some extent cut into the trade in knitting yarns, which has been largely American for several years.

The course of prices during the year showed great variations. The lowest point reached was in March, when the best 20's sold at $90 to $105 local currency ($37.80 to $44.10 gold) per bale and the best 10's from $80 to $90 local currency ($33 to $37.80 gold) per bale. Prices rose steadily until September, when there was a flurry on the Bombay exchange and 10's sold at $112 local currency ($47.04 gold) and 20's at $143 ($60 gold) per bale. Hongkong dealers bought sparingly at the high prices and had small stocks on hand when reaction set in.

The arrivals of cotton yarn in 1915 were 159,000 bales, against 175,000 bales for 1914; the sales amounted to 105,000 bales, against 109,000 bales; and the deliveries totaled 177,000 bales, against 155,000 bales.

The year closed with stocks on hand of about 61,000 bales. During the last three months of the year Indian 20's were completely driven from the South China market by Japanese yarns of that count.

Imports of Kerosene.

In spite of the fact that imports of kerosene and similar products into Hongkong during 1915 were far below normal, the trade was profitable and dealers and importers had an unusually good year. There were on hand in Hongkong at the beginning of the war large stocks of oil. During several years past, while ocean freights were unusually low, American concerns particularly have been laying in large stocks of oil, since it was cheaper to store the product in Hongkong, for example, than in the United States, and since any change in freights would in all probability be in the direction of an increase. The large increase in freight rates to the Far East led to an increase in the price of oil. During the year the total imports amounted to 91,300 tons, of which 71,940 tons were of bulk oil and 19,300 tons of case oil. In 1914 the imports amounted to 122,037 tons, of which 77,576 tons were of bulk oil and 44,461 were of case oil.

Imports of American Goods.

As is the case with the trade of the port in general there are no means of measuring the increased import of American goods into Hongkong during the past year or of measuring the trade in general. Kerosene, flour, and cotton piece goods are the staple exports from the United States to Hongkong. The imports of flour, in line with high prices in the United States and high freight rates and also as a result of competition from local flour, decreased from a total of 4,195,887 bags in 1914 to only 2,075,129 bags for 1915, making the lowest record for many years. Shipments of kerosene to Hongkong during the year amounted to only about half those in 1914, but there were large stocks of American oil on hand in Hongkong and these have been drawn upon in satisfactory volume and at satisfactory prices, the year being especially satisfactory to American companies. Shipments of cotton piece goods increased about 10 per cent, although the volume was not large at any time both because American piece goods do not come to this market very freely and because of generally large stocks of piece goods held in the colony by liquidators of German firms. Nevertheless more interest was shown in American piece goods during the closing months of 1915 than in any similar period in the history of the trade, and negotiations have been going on which promise a satisfactory increase in the trade in American goods in the near future.

Demand for New Lines of Goods.

The actual increase in trade in American goods was in commodities not usually imported from the United States, and it marked the beginning of further trade in the same line. The actual sale of many lines of American commodities has depended more upon available freight space than upon the nature, quality, or availability of the goods themselves. In metals of all kinds, particularly in iron and steel plates, bars, and similar goods, the market has been anxious to buy all it could obtain for delivery well into the coming summer. There has been a good trade in American window glass and in glass and glassware generally. American food products have been sought in greater volume than ever. Chemicals are being imported from the United States in increased volumes. Leather and leather goods, haberdashery, and all sorts of miscellaneous goods which heretofore

have come almost, if not entirely from Europe, are now coming from the United States.

The disturbed conditions have brought about this change in trade and served to introduce American goods into the market. Thus the public is becoming accustomed to such goods and in many cases is coming to appreciate their good qualities, and the change in trade has at least served to place American goods before the public of the Far East in a more favorable way than ever before. The trade of the future will depend upon their quality and price and upon the policy of American manufacturers and exporters, and will rest less upon national preference or prejudice in favor of European goods than ever before.

The Export Trade.

One of the principal features of the trade which German interests have been able to build up in China has been their policy of encouraging the export of Chinese produce, including many lines of raw products of comparatively small value, as the basis of a healthy import business. The part this export business has played in China's general business development has appeared strongly in the diminished trade generally that has followed the shutting off of these exports by one cause or another growing out of the war.

Increased Demand for Cassia.

The cassia market showed a little larger business than usual. The exports to the United States, according to invoices certified at the Hongkong consulate general, were valued at $172,414 as compared with $117,771 in 1914. The figures of the Hongkong General Chamber of Commerce show the total exports of all grades of cassia from Hongkong during 1914 and 1915, respectively, as follows, in cases of 66⅔ pounds net each: United States and Canada, 37,569 and 46,460; Great Britain, 2,385 and 33,199; and Continental Europe, 62,566 and 23,452.

Parsee interests bought rather heavily for India during the past season, and during the year a large sailing ship was loaded with cassia for the United States at low freight rates. The result was that stocks were almost completely cleared. Stocks at the beginning of the new year were low, and old-season cassia was almost out of the market. At the beginning of 1915 broken cassia sold at $5.28 gold per hundredweight c. and f. New York; at the close of the year the price was $9.12 gold. Selected cassia opened last year at 28 shillings, or $6.80 gold, per hundredweight, and the present price is 55 shillings, or $13.35 gold, per hundredweight, all c. and f. New York.

Freight on this class of cargo in February was 160 shillings per ton as compared with 25 shillings a year and a half before.

Increased Exports of Tin.

War regulations and an uncertain market in the United States and Europe prevented a good season in tin. While the volume of exports was larger than during the previous two years, the trade on the whole was unprofitable. While most metals increased in value something like 300 per cent in the past year, the increase in the price of tin was less than 10 per cent, the price of 99 per cent tin in January, 1915, being $98 local currency per picul of 133⅓ pounds, while the price a year later was only $107 local currency per picul.

The exports of tin from Hongkong during 1915 amounted to 92,952 slabs of 112 pounds each, of which 47,617 slabs went to the United States and Canada, 27,492 slabs to Great Britain, and 17,843 slabs to Continental Europe. The exports to the United States and Canada in 1914 were 24,669 slabs out of a total of 51,235 slabs.

Matts and Matting.

The exports of matts and matting from Hongkong decreased from 419,332 rolls in 1913 and 238,615 rolls in 1914 to 139,815 rolls in 1915. Of the total for 1915, 61,285 rolls went to the United States and Canada, compared with 120,798 for 1914 and 268,882 for 1913. The turnover was much smaller than in the previous year, and amounted to only about $150,000 gold in value, as compared with fully three times that amount in normal years. Prices during the year advanced about 25 per cent as a result of increased cost of dyes and other imported materials.

Exports to the United States.

According to invoices certified at the American consulate general at Hongkong, shipments of rice to the United States increased in value from $1,006,719 in 1914 to $2,107,959 in 1915, and the exports of tin increased from $769,538 to $983,884. Nevertheless, in neither item was the maximum of the trade from this port reached. There were other material increases, such as bristles, aniseed and cassia oils, paper, cassia, ginger and spices generally, and in silks and similar goods. There were shipments of antimony of some importance. There were decreased exports of chemicals and drugs, wearing apparel, chinaware, metals, and similar goods, and in all lines of Chinese food products, especially in peanuts and peanut oil, Chinese wines, tobacco, and provisions. The high freight rates took the articles of consumption by the Chinese in the United States out of the reach of ordinary buyers.

Principal Articles Invoiced.

The principal articles invoiced at the consulate general for the United States during 1914 and 1915 were as follows:

Articles.	1914	1915	Articles.	1914	1915
Antiquities	$8,934	$15,279	Paper and manufactures of	$41,479	$48,037
Bristles	19,186	27,611	Rice	1,006,719	2,107,959
Chemicals	107,360	107,215	Seeds	3,747	14,426
Cotton and manufactures of	19,482	9,055	Silk	23,531	65,025
Earthen and china ware	44,311	45,295	Spices: Cassia	117,771	172,414
Explosives: Fireworks	16,062	20,006	Spirits and wines	144,983	100,597
Fruits and nuts	265,713	187,922	Sugar	72,026	28,697
Hair and manufacture of	18,392	31,345	Tea	123,801	135,087
Metals	87,385	49,301	Tin	769,538	983,884
Moss and seagrass: Seagrass furniture	71,532	54,858	Tobacco	62,290	35,573
Oils: Peanut	129,696	90,980	Wood and manufactures of	178,389	317,176
Aniseed oil	106,971	177,157	All other articles	1,006,067	716,721
Cassia oil	29,565	48,792	Total	4,474,933	5,590,442

Exports to the Philippines.

Exports to the Philippine Islands from Hongkong vary considerably from year to year, due largely to variations in imports of rice and, at times, of meat and other provisions. While the exports from Hongkong to the Philippines in 1915 were valued at $4,784,292, as compared with $3,226,908 in 1914, the trade actually was poor, and,

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